

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN REP. JOHN BRUEGGEMAN**, on January 9, 2003 at 8:10 A.M., in Room 317 B Capitol.

ROLL CALL

Members Present:

Rep. John Brueggeman, Chairman (R)
Sen. Rick Laible, Vice Chairman (R)
Sen. Gregory D. Barkus (R)
Sen. Mike Cooney (D)
Rep. Monica Lindeen (D)
Rep. John Sinrud (R)

Members Excused: None.

Members Absent: None.

Staff Present:

Greg DeWitt, Legislative Branch
Amy Sassano, OBPP
Misty Shea, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape stamps indicate information that is below.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Department of Transportation
General Operations, 1/9/2003
Executive Action: None

{Tape: 1; Side: A; Approx. Time Counter: 0 - 12.5}

Dave Galt, Director of Montana Transportation Department, began by discussing budget decision packages (DP) with the committee starting with DP 104, asking to approve overtime differentials. **Greg Dewitt of LFD and CHAIRMAN BRUEGGEMANN** stated that the committee would be hearing global DPs affecting every division of the agency first. Those most common being; equipment rental rates based on usage, broadband pay conversions, and the overtime issue. **Director Galt** referenced members to pg.A-109 DP 101 in the budget book, to show what the department is asking for regarding local government certification. **Director Galt** is interested in a pilot project with Missoula, Great Falls, and Billings to develop a manual. He also pointed out how matching funds from the federal government for subgrant monitoring would be beneficial.

{Tape: 1; Side: A; Approx. Time Counter: 12.5 - 20}

SEN. LAIBLE asked **Director Galt** if local government participation is a requirement for what he is asking for. He responded that traditionally, the Federal Highway Aid Program has been operated by the Department of Transportation (D.O.T.) and the construction administration had been done by them as well. He stated that the D.O.T. is not required to do local government certification yet the issue is continuity of service and proper documentation. **Jim Currie, Deputy Director**, outlined how reimbursement through Title 23 compliance works and how the Federal Highway Administration holds the department responsible whether or not they delegate authority to local government. State gas tax dollars could end up paying for projects that could be federally funded if reimbursement requirements are not properly met. **SEN. BARKUS** and **SEN. COONEY** wanted to know of **Mr. Galt** where he saw the pilot project going in the future. **Mr. Galt** replied that if approved, he would immediately start out with the aforementioned larger cities and get others on board later.

{Tape: 1; Side: A; Approx. Time Counter: 20 - 30}

SEN. LAIBLE had a concern of how to monitor the indirect costs associated with the metropolitan areas involved in the project. He did not want a backlash from local communities. **Mr. Galt** did not know what the local governments were going to do with the contracts, and he said he would not burden those who did not wish to participate. **Mr. Galt** then moved on to DP 103 Information Technology Equipment Lifecycle Replacements to establish a four

year cycle, and DP 105 International Fuel Tax Agreement (IFTA) Dues and Legal Fees which went up from \$8,000 to \$10,000. **Mr. Galt** made the committee aware of how he would like to have \$15,000 to obtain an External Hearings Officer for audit purposes on IFTA issues. **SEN. COONEY** asked how many fuel tax disputes they have and if the requested amount would cover them. **Mr. Galt** estimated that about 25% of 1,200 accounts need resolution annually.

{Tape: 1; Side: B; Approx. Time Counter: 1 - 30}

DP 102 asks for an integrated financial management system and common data warehouse. **Linda Francis of the Department's Business Planning Function** was introduced to explain how systems with conflicting data do not help the agency get smarter and more cost effective, she testified that moving to the SABHRS system would, as it would speed up analysis. She stated that the current accounting system, separate from SABHRS is on its last legs. She said that enhancement would maintain the status quo without having to come back for additional FTE's as a result of this effort. **SEN. LAIBLE** asked Linda Francis if the software of which she was speaking existed or had to be created. She said it did and there would have to be some customization of an existing product, but the assessment of work practices showed movement would mechanically allow the department to successfully get on board with the state. **Director Galt** stated that in the process of making the department's request they used a consultant to get the \$8,000,000 figure, based on return on investment. He wanted to make sure that the solution was viable before presenting it to the committee. **SEN. BARKUS** asked for clarification, if the \$8 million was a bid. **Mr. Galt** said that it was, from Maximus Consulting who did the same system integration work in North Dakota. Six other states are actively in the process of migrating to one enterprise statewide system as well. **SEN. BARKUS** wanted to know why the D.O.T. was not on SABHRS initially. **Mr. Galt** thought that the reason was the original operation could not do certain D.O.T. applications. **REP. LINDEEN** wanted to know if it was the intention of the state to continue to stay with SABHRS. **Amy Sassano of OBPP** answered this by clarifying that what the D.O.T. needs is an additional module to SABHRS that does not affect the state's plan with regard to the current six modules they use. Efficient productivity is the goal of the D.O.T.

{Tape: 2; Side: A; Approx. Time Counter: 1 - 30}

Deputy Director Jim Currie began outlining the Department's Construction Program detailed on a handout. He made a point of telling the committee that there is an agreement between the D.O.T., OBPP, and the Legislature that allows certain FTE positions to be funded, if not used they are left on the table.

SEN. DAN MCGEE OF SENATE DISTRICT 11 briefly spoke to the Committee in strong support of the metric conversion request.

EXHIBIT(jgh04a01)

{Tape: 2; Side: B; Approx. Time Counter: 0 - 30}

Mr. Currie continued by addressing the importance of the National Resources Information System(NRIS) language to the Department. It is used to determine environmental impact. The decision packages involving roadway striping, paving, and noxious weed control were also discussed. **John Blacker, Administrator of the Maintenance Division**, began a discussion of rest areas and their custodial care, which is a seven-day-a-week cost. **Director Currie** added that upgrade costs are requested as part of a long-range plan. He referred to the new generation of rest area near Bozeman as the design.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 30}

John Blacker explained to the committee land rent rules and usage, operating a sign template shop for sign replacement, and utility costs. He outlined what the department does in-house versus contracting out for purposes of providing checks and balances. **SEN. LAIBLE** asked if indirect costs were included in the calculations. **Mr. Blacker** answered that they were. Ownership of the D.O.T. building, the 511 Travelers Information Service which has gone into effect, and Career Ladder Training were addressed. **Mr. Blacker** made the committee aware of some cost revisions in the maintenance program based on a needs survey done in 2002, and the travel reduction request. The Motor Pool rates and operation costs were discussed.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 30}

John Blacker answered questions concerning the vehicle fleet. **Amy Sassano of OBPP** clarified for the committee how lease and purchase work in different departments. **Director Galt** stated that there has been an increase in the number of vehicles utilized over the years. Just paying mileage does not come out as less costly. The D.O.T. cars do not include vehicles used by the Montana Highway Patrol, Fish Wildlife and Parks, or the

University System. **Greg DeWitt** and **Amy Sassano** broke down how the budget office figures their approvals of new vehicles and offsets costs accordingly. **REP. SINRUD** made a request to find out exactly how many vehicles are state agency owned versus the Motor Pool. **SEN. COONEY** agreed and added that, in his own personal experience, using the Motor Pool is a good deal. **Director Galt** explained to the committee how their past approval for ethanol cars was not a cost savings for them. **John Blacker** began a discussion of the equipment program that is specific to the department. They have about 4,600 pieces of equipment including about 1,950 that are snowplows. Thirteen shops statewide service them.

{Tape: 4; Side: A; Approx. Time Counter: 0 - 20}

John Blacker continued with the replacement cycle of the equipment and construction rate increases. **SEN. COONEY** had a question about seasonal rating. **Mr. Blacker** answered that money is saved during a mild winter. **SEN. BARKUS** and **SEN. LAIBLE** asked questions pertaining to revenue and sales earnings. **Monte Brown, Administrator of the Administration Division**, showed the committee projected gains and losses on the balance sheet on pg.A-127 in the Budget Analysis book and provided an explanation.

ADJOURNMENT

Adjournment: 11:45 A.M.

REP. JOHN BRUEGGEMAN, Chairman

MISTY SHEA, Secretary

JB/MS

EXHIBIT (jgh04aad)